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By: **Delegate Taylor**

Introduced and read first time: March 4, 2004

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Corporations - Limited Liability Companies - Entity Conversion**

3 FOR the purpose of authorizing a corporation to become a limited liability company in  
4 accordance with a plan of entity conversion adopted and approved in accordance  
5 with this Act; requiring a plan of entity conversion of a converting corporation to  
6 include certain terms and conditions and a certain attachment; authorizing a  
7 plan of entity conversion to include a certain provision; prohibiting a certain  
8 change to the terms and conditions of a plan of entity conversion; requiring the  
9 board of directors of a converting corporation to adopt a plan of entity  
10 conversion; requiring the board of directors to submit the plan of entity  
11 conversion for approval to the shareholders; requiring the board of directors to  
12 recommend the plan of entity conversion to the shareholders or communicate  
13 the plan of entity conversion and the basis of a certain determination of the  
14 board of directors to the shareholders under certain circumstances; authorizing  
15 the board of directors to condition its submission of the plan of entity conversion  
16 to the shareholders on any basis; requiring a converting corporation to provide  
17 certain notice to the shareholders; requiring a plan of entity conversion to be  
18 approved by the shareholders in a certain manner; requiring a converting  
19 corporation, after a plan of entity conversion has been adopted and approved in  
20 accordance with this Act, to file with the State Department of Assessments and  
21 Taxation articles of entity conversion setting forth certain terms; requiring the  
22 Department to prepare a certain certificate of entity conversion under certain  
23 circumstances; providing that after an entity conversion under this Act becomes  
24 effective, certain rules apply to the surviving limited liability company;  
25 requiring a certain written notice to be filed with the Department; authorizing a  
26 limited liability company to become a corporation in accordance with a plan of  
27 entity conversion adopted and approved in accordance with this Act; requiring a  
28 plan of entity conversion of a converting limited liability company to include  
29 certain terms and conditions and a certain attachment; authorizing a plan of  
30 entity conversion to include a certain provision; prohibiting a certain change to  
31 the terms and conditions of a plan of entity conversion; requiring a plan of entity  
32 conversion to be approved by the members in a certain manner; requiring a  
33 converting limited liability company, after a plan of entity conversion has been  
34 adopted and approved in accordance with this Act, to file with the Department  
35 articles of entity conversion setting forth certain terms; providing that after an

1 entity conversion under this Act becomes effective, certain rules apply to the  
2 surviving corporation; providing for the abandonment of an entity conversion;  
3 requiring a certain written notice to be filed with the Department; defining  
4 certain terms; and generally relating to an entity conversion.

5 BY adding to

6 Article - Corporations and Associations  
7 Section 3-901 through 3-907, inclusive, to be under the new subtitle "Subtitle 9.  
8 Conversion of a Corporation to a Limited Liability Company"; and  
9 4A-1201 through 4A-1207, inclusive, to be under the new subtitle  
10 "Subtitle 12. Conversion of a Limited Liability Company to a Corporation"  
11 Annotated Code of Maryland  
12 (1999 Replacement Volume and 2003 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Corporations and Associations**

16 **SUBTITLE 9. CONVERSION OF A CORPORATION TO A LIMITED LIABILITY COMPANY.**

17 3-901.

18 (A) IN THIS SUBTITLE THE FOLLOWING TERMS HAVE THE MEANINGS  
19 INDICATED.

20 (B) "CONVERTING CORPORATION" MEANS A CORPORATION THAT ADOPTS A  
21 PLAN OF ENTITY CONVERSION UNDER THIS SUBTITLE.

22 (C) "CORPORATION" MEANS A MARYLAND CORPORATION.

23 (D) "ENTITY CONVERSION" MEANS THE CONVERSION OF A CONVERTING  
24 CORPORATION TO A SURVIVING LIMITED LIABILITY COMPANY UNDER THIS  
25 SUBTITLE.

26 (E) "LIMITED LIABILITY COMPANY" MEANS A DOMESTIC LIMITED LIABILITY  
27 COMPANY AS DEFINED IN § 4A-101 OF THIS ARTICLE.

28 (F) "SURVIVING LIMITED LIABILITY COMPANY" MEANS A LIMITED LIABILITY  
29 COMPANY THAT IS IN EXISTENCE IMMEDIATELY AFTER COMPLETION OF AN ENTITY  
30 CONVERSION UNDER THIS SUBTITLE.

31 3-902.

32 A CORPORATION MAY BECOME A LIMITED LIABILITY COMPANY IN  
33 ACCORDANCE WITH A PLAN OF ENTITY CONVERSION ADOPTED AND APPROVED IN  
34 ACCORDANCE WITH THIS SUBTITLE.

1 3-903.

2 (A) A PLAN OF ENTITY CONVERSION SHALL INCLUDE THE TERMS AND  
3 CONDITIONS OF THE ENTITY CONVERSION, INCLUDING THE MANNER AND BASIS OF  
4 CONVERTING THE SHARES OF STOCK OF THE CONVERTING CORPORATION INTO  
5 INTERESTS OF THE SURVIVING LIMITED LIABILITY COMPANY AND PRESERVING THE  
6 OWNERSHIP PROPORTION AND RELATIVE RIGHTS, PREFERENCES, AND LIMITATIONS  
7 OF EACH SHARE OF THE CONVERTING CORPORATION.

8 (B) A CONVERTING CORPORATION SHALL ATTACH TO THE PLAN OF ENTITY  
9 CONVERSION THE FULL TEXT OF THE ARTICLES OF ORGANIZATION OF THE  
10 SURVIVING LIMITED LIABILITY COMPANY THAT WILL BE IN EFFECT IMMEDIATELY  
11 AFTER THE ENTITY CONVERSION.

12 (C) (1) A PLAN OF ENTITY CONVERSION MAY INCLUDE A PROVISION  
13 AUTHORIZING THE BOARD OF DIRECTORS OF THE CONVERTING CORPORATION TO  
14 AMEND THE PLAN OF ENTITY CONVERSION BEFORE THE ISSUANCE OF THE  
15 ARTICLES OF ENTITY CONVERSION.

16 (2) AN AMENDMENT TO THE PLAN OF ENTITY CONVERSION MADE  
17 SUBSEQUENT TO THE SUBMISSION OF THE PLAN OF ENTITY CONVERSION TO THE  
18 SHAREHOLDERS OF THE CONVERTING CORPORATION MAY NOT CHANGE THE TERMS  
19 OR CONDITIONS OF THE PLAN OF ENTITY CONVERSION IF THE CHANGE WOULD  
20 ADVERSELY AFFECT ANY OF THE CONVERTING CORPORATION'S SHARES.

21 3-904.

22 (A) THE BOARD OF DIRECTORS OF A CONVERTING CORPORATION SHALL  
23 ADOPT A PLAN OF ENTITY CONVERSION.

24 (B) AFTER ADOPTING THE PLAN OF ENTITY CONVERSION, THE BOARD OF  
25 DIRECTORS SHALL SUBMIT THE PLAN OF ENTITY CONVERSION FOR APPROVAL TO  
26 THE SHAREHOLDERS.

27 (C) THE BOARD OF DIRECTORS OF THE CONVERTING CORPORATION SHALL:

28 (1) RECOMMEND THE PLAN OF ENTITY CONVERSION TO THE  
29 SHAREHOLDERS; OR

30 (2) IF THE BOARD OF DIRECTORS DETERMINES THAT BECAUSE OF A  
31 CONFLICT OF INTEREST OR OTHER SPECIAL CIRCUMSTANCES THE BOARD OF  
32 DIRECTORS SHOULD NOT RECOMMEND THE PLAN OF ENTITY CONVERSION TO THE  
33 SHAREHOLDERS, COMMUNICATE THE PLAN OF ENTITY CONVERSION AND THE BASIS  
34 OF THE BOARD OF DIRECTORS' DETERMINATION TO THE SHAREHOLDERS.

35 (D) THE BOARD OF DIRECTORS OF THE CONVERTING CORPORATION MAY  
36 CONDITION ITS SUBMISSION OF THE PLAN OF ENTITY CONVERSION TO THE  
37 SHAREHOLDERS ON ANY BASIS.

1 (E) (1) THE CONVERTING CORPORATION SHALL, IN ACCORDANCE WITH  
2 THIS ARTICLE, NOTIFY EACH VOTING OR NONVOTING SHAREHOLDER OF THE  
3 PROPOSED SHAREHOLDERS' MEETING AT WHICH THE PLAN OF ENTITY CONVERSION  
4 IS TO BE SUBMITTED FOR APPROVAL.

5 (2) THE NOTICE SHALL STATE THAT A PURPOSE OF THE MEETING IS TO  
6 CONSIDER THE PLAN OF ENTITY CONVERSION AND SHALL INCLUDE A COPY OF THE  
7 PLAN OF ENTITY CONVERSION.

8 (F) (1) UNLESS THIS ARTICLE OR THE BOARD OF DIRECTORS, ACTING IN  
9 ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION, REQUIRES A GREATER  
10 PERCENTAGE OF VOTES, THE PLAN OF ENTITY CONVERSION SHALL BE APPROVED BY  
11 EACH VOTING GROUP ENTITLED TO VOTE ON THE PLAN BY MORE THAN TWO-THIRDS  
12 OF THE VOTES ENTITLED TO BE CAST BY THE VOTING GROUP.

13 (2) THE ARTICLES OF INCORPORATION OF THE CONVERTING  
14 CORPORATION MAY PROVIDE FOR A GREATER OR LESSER VOTE THAN THAT  
15 PROVIDED FOR IN THIS SUBSECTION OR A VOTE BY SEPARATE VOTING GROUPS IF  
16 THE VOTE PROVIDED FOR IS NOT LESS THAN A MAJORITY OF ALL THE VOTES CAST  
17 ON THE PLAN OF ENTITY CONVERSION BY EACH VOTING GROUP ENTITLED TO VOTE  
18 ON THE PLAN AT A MEETING AT WHICH A QUORUM OF THE VOTING GROUP EXISTS.

19 3-905.

20 (A) AFTER A PLAN OF ENTITY CONVERSION HAS BEEN ADOPTED AND  
21 APPROVED IN ACCORDANCE WITH THIS SUBTITLE, THE CONVERTING CORPORATION  
22 SHALL FILE WITH THE DEPARTMENT ARTICLES OF ENTITY CONVERSION SETTING  
23 FORTH:

24 (1) THE NAME OF THE CONVERTING CORPORATION AND THE NAME OF  
25 THE SURVIVING LIMITED LIABILITY COMPANY, WHICH NAME SHALL SATISFY THE  
26 REQUIREMENTS OF THE LAWS OF THE STATE;

27 (2) THE PLAN OF ENTITY CONVERSION, INCLUDING THE FULL TEXT OF  
28 THE ARTICLES OF ORGANIZATION OF THE SURVIVING LIMITED LIABILITY COMPANY,  
29 WHICH SHALL COMPLY WITH THE REQUIREMENTS OF TITLE 4A OF THIS ARTICLE,  
30 THAT WILL BE IN EFFECT IMMEDIATELY AFTER COMPLETION OF THE ENTITY  
31 CONVERSION;

32 (3) A STATEMENT THAT THE PLAN:

33 (I) HAS BEEN ADOPTED BY THE UNANIMOUS CONSENT OF THE  
34 SHAREHOLDERS; OR

35 (II) HAS BEEN SUBMITTED TO THE SHAREHOLDERS BY THE BOARD  
36 OF DIRECTORS IN ACCORDANCE WITH THIS SUBTITLE, AND A STATEMENT OF:

37 1. THE DESIGNATION, NUMBER OF OUTSTANDING SHARES,  
38 AND NUMBER OF VOTES ENTITLED TO BE CAST BY EACH VOTING GROUP ENTITLED  
39 TO VOTE SEPARATELY ON THE PLAN OF ENTITY CONVERSION; AND



1 (7) THE SURVIVING LIMITED LIABILITY COMPANY IS DEEMED TO:

2 (I) BE A LIMITED LIABILITY COMPANY FOR ALL PURPOSES;

3 (II) BE THE SAME LEGAL ENTITY WITHOUT INTERRUPTION AS THE  
4 CONVERTING CORPORATION THAT EXISTED PRIOR TO THE ENTITY CONVERSION;  
5 AND

6 (III) HAVE BEEN ORGANIZED ON THE DATE THAT THE CONVERTING  
7 CORPORATION WAS ORIGINALLY INCORPORATED; AND

8 (8) THE CONVERTING CORPORATION SHALL CEASE TO BE A  
9 CORPORATION WHEN THE ARTICLES OF ENTITY CONVERSION BECOME EFFECTIVE.

10 3-907.

11 (A) UNLESS A PLAN OF ENTITY CONVERSION OF A CONVERTING  
12 CORPORATION PROHIBITS ABANDONMENT OF THE ENTITY CONVERSION WITHOUT  
13 SHAREHOLDER APPROVAL, AFTER THE ENTITY CONVERSION HAS BEEN  
14 AUTHORIZED, AND AT ANY TIME BEFORE THE ARTICLES OF ENTITY CONVERSION  
15 HAVE BECOME EFFECTIVE, THE ENTITY CONVERSION MAY BE ABANDONED  
16 WITHOUT FURTHER SHAREHOLDER ACTION IN ACCORDANCE WITH THE PROCEDURE  
17 SET FORTH IN THE PLAN OF ENTITY CONVERSION OR, IF NO PROCEDURE IS SET  
18 FORTH IN THE PLAN OF ENTITY CONVERSION, IN THE MANNER DETERMINED BY THE  
19 BOARD OF DIRECTORS.

20 (B) (1) IF AN ENTITY CONVERSION IS ABANDONED UNDER SUBSECTION (A)  
21 OF THIS SECTION AFTER THE ARTICLES OF ENTITY CONVERSION HAVE BEEN FILED  
22 WITH THE DEPARTMENT BUT BEFORE THE ARTICLES OF ENTITY CONVERSION HAVE  
23 BECOME EFFECTIVE, WRITTEN NOTICE THAT THE ENTITY CONVERSION HAS BEEN  
24 ABANDONED IN ACCORDANCE WITH THIS SECTION SHALL BE FILED WITH THE  
25 DEPARTMENT PRIOR TO THE EFFECTIVE DATE OF THE ARTICLES OF ENTITY  
26 CONVERSION.

27 (2) THE NOTICE SHALL TAKE EFFECT UPON FILING AND THE ENTITY  
28 CONVERSION SHALL BE CONSIDERED ABANDONED AND SHALL NOT BECOME  
29 EFFECTIVE.

30 SUBTITLE 12. CONVERSION OF A LIMITED LIABILITY COMPANY TO A CORPORATION.

31 4A-1201.

32 (A) IN THIS SUBTITLE THE FOLLOWING TERMS HAVE THE MEANINGS  
33 INDICATED.

34 (B) "CONVERTING LIMITED LIABILITY COMPANY" MEANS A LIMITED  
35 LIABILITY COMPANY THAT ADOPTS A PLAN OF ENTITY CONVERSION UNDER THIS  
36 SUBTITLE.

37 (C) "CORPORATION" MEANS A MARYLAND CORPORATION.

1 (D) "ENTITY CONVERSION" MEANS THE CONVERSION OF A CONVERTING  
2 LIMITED LIABILITY COMPANY TO A SURVIVING CORPORATION UNDER THIS  
3 SUBTITLE.

4 (E) "SURVIVING CORPORATION" MEANS A CORPORATION THAT IS IN  
5 EXISTENCE IMMEDIATELY AFTER COMPLETION OF AN ENTITY CONVERSION UNDER  
6 THIS SUBTITLE.

7 4A-1202.

8 A LIMITED LIABILITY COMPANY MAY BECOME A CORPORATION IN  
9 ACCORDANCE WITH A PLAN OF ENTITY CONVERSION ADOPTED AND APPROVED IN  
10 ACCORDANCE WITH THIS SUBTITLE.

11 4A-1203.

12 (A) A PLAN OF ENTITY CONVERSION SHALL INCLUDE THE TERMS AND  
13 CONDITIONS OF THE ENTITY CONVERSION, INCLUDING THE MANNER AND BASIS OF  
14 CONVERTING THE INTERESTS OF THE CONVERTING LIMITED LIABILITY COMPANY  
15 INTO SHARES OF THE SURVIVING CORPORATION AND PRESERVING THE OWNERSHIP  
16 PROPORTION AND RELATIVE RIGHTS, PREFERENCES, AND LIMITATIONS OF EACH  
17 INTEREST OF THE CONVERTING LIMITED LIABILITY COMPANY.

18 (B) A CONVERTING LIMITED LIABILITY COMPANY SHALL ATTACH TO THE  
19 PLAN OF ENTITY CONVERSION THE FULL TEXT OF THE ARTICLES OF  
20 INCORPORATION OF THE SURVIVING CORPORATION THAT WILL BE IN EFFECT  
21 IMMEDIATELY AFTER THE ENTITY CONVERSION.

22 (C) (1) A PLAN OF ENTITY CONVERSION MAY INCLUDE A PROVISION  
23 AUTHORIZING THE PLAN OF ENTITY CONVERSION TO BE AMENDED PRIOR TO THE  
24 ISSUANCE OF THE ARTICLES OF ENTITY CONVERSION.

25 (2) AN AMENDMENT TO THE PLAN OF ENTITY CONVERSION MADE  
26 SUBSEQUENT TO THE SUBMISSION OF THE PLAN TO THE MEMBERS SHALL NOT  
27 CHANGE THE TERMS OR CONDITIONS OF THE PLAN OF ENTITY CONVERSION IF THE  
28 CHANGE WOULD ADVERSELY AFFECT ANY OF THE INTERESTS OF THE CONVERTING  
29 LIMITED LIABILITY COMPANY.

30 4A-1204.

31 A PLAN OF ENTITY CONVERSION SHALL BE APPROVED BY THE MEMBERS OF  
32 THE CONVERTING LIMITED LIABILITY COMPANY IN THE MANNER PROVIDED IN THE  
33 OPERATING AGREEMENT OR ARTICLES OF ORGANIZATION OR, IF NO PROVISION  
34 EXISTS IN THE OPERATING AGREEMENT OR ARTICLES OF ORGANIZATION, BY THE  
35 UNANIMOUS VOTE OF THE MEMBERS OF THE CONVERTING LIMITED LIABILITY  
36 COMPANY.

1 4A-1205.

2 (A) AFTER A PLAN OF ENTITY CONVERSION HAS BEEN ADOPTED AND  
3 APPROVED IN ACCORDANCE WITH THIS SUBTITLE, THE CONVERTING LIMITED  
4 LIABILITY COMPANY SHALL FILE WITH THE DEPARTMENT ARTICLES OF ENTITY  
5 CONVERSION SETTING FORTH:

6 (1) THE NAME OF THE CONVERTING LIMITED LIABILITY COMPANY AND  
7 THE NAME OF THE SURVIVING CORPORATION, WHICH NAME SHALL SATISFY THE  
8 REQUIREMENTS OF TITLE 1, SUBTITLE 5 OF THIS ARTICLE;

9 (2) THE PLAN OF ENTITY CONVERSION, INCLUDING THE FULL TEXT OF  
10 THE ARTICLES OF INCORPORATION OF THE SURVIVING CORPORATION, WHICH  
11 SHALL COMPLY WITH THE REQUIREMENTS OF THIS ARTICLE, THAT WILL BE IN  
12 EFFECT IMMEDIATELY AFTER THE COMPLETION OF THE CONVERSION;

13 (3) A STATEMENT THAT THE PLAN OF ENTITY CONVERSION WAS  
14 ADOPTED BY THE MEMBERS OF THE CONVERTING LIMITED LIABILITY COMPANY IN  
15 THE MANNER PROVIDED IN THE CONVERTING LIMITED LIABILITY COMPANY'S  
16 OPERATING AGREEMENT OR ARTICLES OF ORGANIZATION FOR AMENDMENTS, OR, IF  
17 NO PROVISION IS MADE IN AN OPERATING AGREEMENT OR ARTICLES OF  
18 ORGANIZATION, BY THE UNANIMOUS VOTE OF THE MEMBERS OF THE CONVERTING  
19 LIMITED LIABILITY COMPANY; AND

20 (4) IF THE ARTICLES OF ENTITY CONVERSION ARE TO BE EFFECTIVE  
21 LATER THAN THE TIME OF FILING, THE TIME AT WHICH THE ARTICLES OF ENTITY  
22 CONVERSION ARE TO BE EFFECTIVE.

23 (B) IF THE DEPARTMENT FINDS THAT THE ARTICLES OF ENTITY CONVERSION  
24 COMPLY WITH THE REQUIREMENTS OF THE LAWS OF THE STATE AND THAT ALL  
25 REQUIRED FEES HAVE BEEN PAID, THE DEPARTMENT SHALL PREPARE A  
26 CERTIFICATE OF ENTITY CONVERSION THAT SPECIFIES:

27 (1) THE NAMES OF THE CONVERTING LIMITED LIABILITY COMPANY AND  
28 THE SURVIVING CORPORATION; AND

29 (2) THE TIME THE ARTICLES OF ENTITY CONVERSION ARE ACCEPTED  
30 FOR RECORD BY THE DEPARTMENT AND THE ENTITY CONVERSION BECOMES  
31 EFFECTIVE.

32 4A-1206.

33 AFTER AN ENTITY CONVERSION UNDER THIS SUBTITLE BECOMES EFFECTIVE:

34 (1) THE TITLE TO ALL REAL ESTATE AND OTHER PROPERTY OF THE  
35 CONVERTING LIMITED LIABILITY COMPANY, INCLUDING CHATTELS, EQUIPMENT,  
36 PERMITS, LICENSES, CONTRACTS, AGREEMENTS, AND ALL OTHER TANGIBLE AND  
37 INTANGIBLE PERSONAL PROPERTY, REMAINS IN THE SURVIVING CORPORATION  
38 WITHOUT REVERSION OR IMPAIRMENT;

1 (2) THE LIABILITIES OF THE CONVERTING LIMITED LIABILITY COMPANY  
2 REMAIN THE LIABILITIES OF THE SURVIVING CORPORATION;

3 (3) A PENDING PROCEEDING AGAINST THE CONVERTING LIMITED  
4 LIABILITY COMPANY MAY BE CONTINUED BY OR AGAINST THE SURVIVING  
5 CORPORATION AS IF THE ENTITY CONVERSION DID NOT OCCUR;

6 (4) THE ARTICLES OF INCORPORATION ATTACHED TO THE ARTICLES OF  
7 ENTITY CONVERSION CONSTITUTE THE ARTICLES OF INCORPORATION OF THE  
8 SURVIVING CORPORATION;

9 (5) THE INTERESTS OF THE CONVERTING LIMITED LIABILITY COMPANY  
10 ARE RECLASSIFIED INTO SHARES OF THE SURVIVING CORPORATION IN  
11 ACCORDANCE WITH THE PLAN OF ENTITY CONVERSION;

12 (6) THE MEMBERS OF THE CONVERTING LIMITED LIABILITY COMPANY  
13 ARE ENTITLED ONLY TO THE RIGHTS PROVIDED IN THE PLAN OF ENTITY  
14 CONVERSION;

15 (7) THE SURVIVING CORPORATION IS DEEMED TO:

16 (I) BE A CORPORATION FOR ALL PURPOSES;

17 (II) BE THE SAME LEGAL ENTITY WITHOUT INTERRUPTION AS THE  
18 CONVERTING LIMITED LIABILITY COMPANY THAT EXISTED PRIOR TO THE ENTITY  
19 CONVERSION; AND

20 (III) HAVE BEEN INCORPORATED ON THE DATE THAT THE  
21 CONVERTING LIMITED LIABILITY COMPANY WAS ORIGINALLY ORGANIZED; AND

22 (8) THE CONVERTING LIMITED LIABILITY COMPANY SHALL CEASE TO  
23 BE A LIMITED LIABILITY COMPANY WHEN THE ARTICLES OF ENTITY CONVERSION  
24 BECOME EFFECTIVE.

25 4A-1207.

26 (A) UNLESS THE CONVERTING LIMITED LIABILITY COMPANY'S ARTICLES OF  
27 ORGANIZATION, OPERATING AGREEMENT OR PLAN OF ENTITY CONVERSION  
28 PROHIBITS ABANDONMENT OF THE ENTITY CONVERSION AFTER THE ENTITY  
29 CONVERSION HAS BEEN AUTHORIZED, AND AT ANY TIME BEFORE THE ARTICLES OF  
30 ENTITY CONVERSION HAVE BECOME EFFECTIVE, THE ENTITY CONVERSION MAY BE  
31 ABANDONED IN THE MANNER SET FORTH IN THE PLAN OF ENTITY CONVERSION OR,  
32 IF NONE IS SET FORTH, BY MAJORITY VOTE OF THE MEMBERS OF THE CONVERTING  
33 LIMITED LIABILITY COMPANY.

34 (B) (1) IF AN ENTITY CONVERSION IS ABANDONED UNDER SUBSECTION (A)  
35 OF THIS SECTION AFTER ARTICLES OF ENTITY CONVERSION HAVE BEEN FILED WITH  
36 THE DEPARTMENT BUT BEFORE THE ARTICLES OF ENTITY CONVERSION HAVE  
37 BECOME EFFECTIVE, WRITTEN NOTICE THAT THE ENTITY CONVERSION HAS BEEN  
38 ABANDONED IN ACCORDANCE WITH THIS SECTION SHALL BE FILED WITH THE

1 DEPARTMENT PRIOR TO THE EFFECTIVE DATE OF THE ARTICLES OF ENTITY  
2 CONVERSION.

3                   (2)       THE NOTICE SHALL TAKE EFFECT UPON FILING AND THE ENTITY  
4 CONVERSION SHALL BE DEEMED ABANDONED AND SHALL NOT BECOME EFFECTIVE.

5       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 July 1, 2004.